

# POTENTIAL SOCIAL SERVICES CONTRACTORS



## INFORMATION HANDBOOK

STATE OF MICHIGAN  
**DEPARTMENT OF  
HUMAN SERVICES**

**MICHIGAN DEPARTMENT OF HUMAN SERVICES (DHS)**  
**HANDBOOK INFORMATION FOR**  
**POTENTIAL CONTRACTORS**

**Purpose of Handbook**

This handbook has two purposes:

1. To provide introductory information to agencies and/or individuals who might be interested in selling social services to the Department of Human Services, DHS; and
2. To provide these agencies/individuals with a) the process to be completed by potential bidders, and b) the contact point to obtain additional information.

This handbook **does not** describe the contracting process for general labor, equipment, supplies, or non-social services which are purchased through the DHS Bureau of Administrative Services Purchasing Section as delegated by the Department of Management and Budget Acquisition Services. If you are interested in selling these services or commodities to the state, contact:

Acquisition Services  
Department of Management & Budget  
Stevens T. Mason Building, 2nd Floor  
P.O. Box 30026  
Lansing, MI 48909  
Telephone: (517) 373-0330

Examples of the purchases not covered by this handbook are:

Administrative Consultants	Pharmacy services
Answering services	Public services announcements publications
Cafeteria equipment & maintenance	Repair and maintenance:
Elevator maintenance	1. Air conditioners
Grounds maintenance	2. Large equipment
Guard services	3. Office equipment
Janitorial services	Rubbish removal
Laundry	Security alarm systems
Linen material services rental & cleaning	Snow removal
Paging services	Telecommunication equipment and services
Pest control	

plus all office furniture, equipment supplies and other commodities and services.

### **Social Services Purchased by the Michigan Department of Human Services**

The Michigan Department of Human Services purchases millions of dollars worth of social services each year. Some examples of the types of purchases are:

- Adoption services to evaluate and identify the adoption needs of children, locate appropriate adoptive families, secure court action and support adoptive placements.
- Counseling services that address a variety of social problems.
- Domestic violence prevention and treatment services to provide counseling, information and referral, temporary shelter, emergency health care, legal assistance, housing assistance, financial assistance, transportation assistance to victims of domestic violence.
- Education and training services — classroom instruction and on-the-job training provided to individuals to improve their employability potential.
- Emergency services that provide food, shelter, or several other necessities required to alleviate an emergency situation.
- Foster care services to provide long-term parental care and supervision of youth in licensed foster family homes or foster family group homes.

- Parent aide services to teach necessary skills to individuals and families with household management problems and to maintain, strengthen, and safeguard their functioning.
- Housing services to assist individuals to find appropriate available housing or secure needed shelter repairs, to assist with landlord/tenant relations, and to assist with possible mortgage or property tax problems.
- Intervention services — participation in appropriate intervention to prevent or remedy conditions which may result or have resulted from alleged or potential abuse, neglect or exploitation of children, or determine the need for legal intervention.
- Placement services for the provision of necessary supervision, personal care, and services for children. This includes securing appropriate temporary or permanent placements and parenting services. The DHS does not purchase placement services for adults.
- Protective services for children to ameliorate conditions which threaten their health and safety due to the actions or inactions of those responsible for their care.
- Refugee assistance services designed to help refugees become self-sufficient.
- Services to runaway youth to protect them on a temporary basis and attempt to resolve problems and return them to their homes.
- Services to teen parents to assist them learn parenting skills and become self-sufficient.

All information pertaining to DMB Office of Financial Management can be obtained at: <http://www.cpexpress.state.mi.us>.

## **MICHIGAN DEPARTMENT OF HUMAN SERVICES CLIENTS**

Services are purchased for public assistance clients with incomes below certain levels, or in some instances for any person who needs the service. For example, runaway services or protective services are available to anyone in need of the service regardless of income, while other services are available only to public assistance clients or to persons with income below certain levels.

## **TYPES OF CONTRACTORS**

Any type of business, educational organization or social agency that has the capability to provide a service is eligible to sell services to the DHS, with few exceptions. The contractor must be a legal entity with the authority to enter a contract. Proprietary corporations, partnerships, sole proprietorships, nonprofit corporations, or public (governmental) agencies, including universities or school districts, are permitted to provide most types of services. Experience is preferred but not required for prospective vendors. Minority and female-owned businesses are encouraged to compete for contracts. The DHS is an equal opportunity employer.

## **CONTRACTUAL PERIODS**

The State of Michigan's fiscal year begins October 1 and ends September 30. Most contracts are written to be effective for a one year period with beginning and ending dates of October 1 and September 30. Some contracts start after October 1, but most end by September 30 unless the services are to be concluded prior to that date. The ability of the Department of Human Services to contract for services is dependent on appropriations or grants received annually through state and federal legislation. Continuation of such funding from year-to-year is therefore not solely within DHS control.

## **TYPES OF CONTRACTUAL REIMBURSEMENT METHODS**

A written contract is signed by both the contractor and designated signatory of the DHS. This contract has a number of general provisions and spells out the responsibilities of the contractor and the terms of payment. Payment is generally on the basis of:

- Actual cost reimbursement, in which case the contractor must present a budget of expected costs, and bill only for costs incurred in accordance with the budget and associated with providing those services specified in the contract; or

- Unit rate reimbursement, in which case the contractor bills at a unit rate specified in the contract for the number of units provided.

## **CONTRACT EVALUATION**

Evaluation is the process used to determine the effectiveness of services provided in achieving a desired result. The services provided through every contract to purchase social services must be evaluated to determine their effectiveness. The DHS decides what evaluation criteria will be applied to the contract. Each contract will specify:

- a. Evaluation criteria related to the need for the purchase of service; and the
- b. Responsibilities of both the contractor and DHS necessary to gather data and/or prepare reports appropriate to the evaluation criteria.

## **CONTRACT DEVELOPMENT PROCESS**

Processing a contract usually requires a minimum of 90 days beginning at the time a decision is made to issue a contract. This is followed by the selection of the contractor which may involve the issuance of a Request for Quote. Briefly, the development of the contract once a contractor is selected includes the following activities:

1. A DHS employee (contract administrator) meets with the potential contractor to discuss the services to be purchased and to negotiate the prices to be paid.
2. The potential contractor is asked to complete a draft contract with assistance as needed from the DHS contract administrator. This document supplies all the information necessary to prepare the contract, including effective date, amount, and description of contractor responsibilities.
3. The potential contractor also completes a budget or other price documentation material according to detailed instructions and on forms provided by DHS.

4. The contractor forwards these documents to DHS.
5. The material received from the potential contractor will be thoroughly reviewed by the contract administrator and by the DHS' Office of Contracts and Rate Setting. A contract will be prepared and returned to the potential contractor for signature. The designated signatory of the DHS then signs the contract and a copy is returned to the contractor. Prior to DHS signature, however, some or all of the following approvals are required — any of which if denied, would delay or prevent execution of the contract:
  - Michigan Department of Civil Service — approves proposed purchase as meeting criteria all state purchases must meet.
  - County Family Independence Board — required by law to review and comment on proposed contracts.
  - State Administrative Board — must approve contracts that are \$25,000.00 or more.

Potential contractors need to understand there is no obligation on the part of the DHS to purchase services until a contract has been fully executed. All contracts are signed by the DHS designated signatory before they are effective. This is the last step in the contract development process.

## **MONITORING**

Throughout the term of the contract, the DHS will monitor contractor activities to insure the satisfactory performance of the quantity and quality of service delivery. The specific design of the monitoring system (number and type of reviews, etc.) is determined by DHS.

## **BILLING/PAYMENT PROCESS**

Most contractors are expected to have financial resources sufficient to provide service, incur the expense involved in providing the service, and receive payment at a later date. Exceptions are:

- New contractors or contractors providing new services with high start-up costs.
- Other situations requiring high initial expenditures.

In these cases, it is permitted that contractors receive initial payments, but in no case can an initial payment exceed the first month's expenditures for a renewal contractor or 25 percent of the contract amount for a new contractor. The contract must include language identifying the initial payment amount. The initial payment is never processed until the contract is signed.

Nearly all contractors bill DHS on a monthly basis. The bill must be submitted to DHS within 30 days of the end of the billing period. DHS processing and payment requires about four weeks. The DHS will not pay interest as an expense to a contractor.



The Department of Human Services (DHS) will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, height, weight, marital status, political beliefs or disability. If you need help with reading, writing, hearing, etc., under the Americans with Disabilities Act, you are invited to make your needs known to a DHS office in your county.

DHS Publication 599 (Rev. 4-05) Previous edition obsolete.